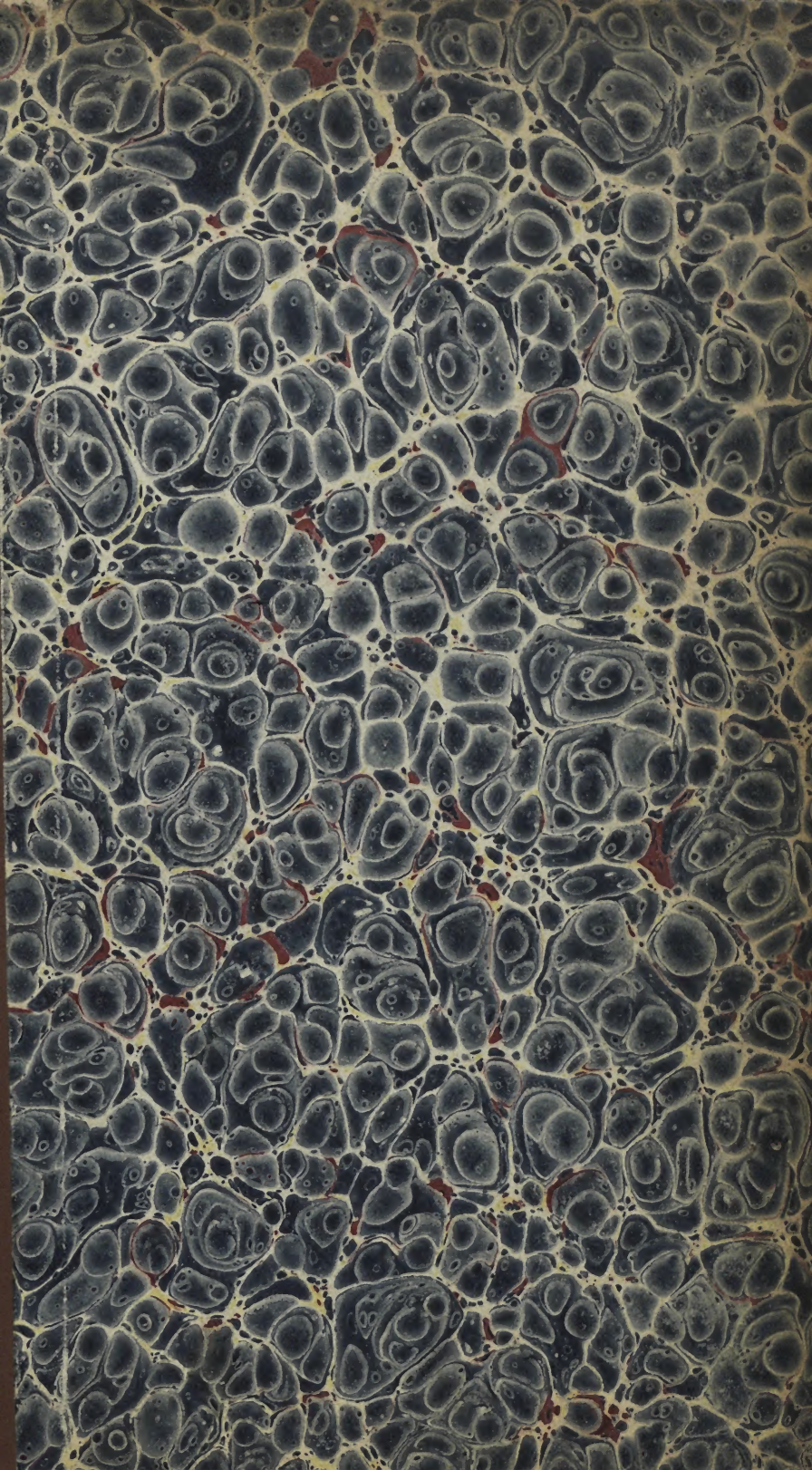




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PROTECTION

— IN —

VICTORIA,



An Inquiry into the Influence of Protection on the

Social & Economic Condition
of the People.



By MAX HIRSCH

(Melbourne).



MELBOURNE :

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PROTECTION IN VICTORIA.

THE natural system of trade is free trade, the unrestricted exchange of commodities against each other. That any restriction of, or interference with, trade, within a political entity, reduces the production of wealth and makes its distribution more inequitable, has been fully recognised, and the customs houses which formerly separated shire from shire, county from county, and province from province, have consequently been removed in all civilised countries. The natural conclusion that customs houses erected on the political frontiers, which separate colony from colony and state from state, must have a similar result, has, however, not yet found similar acceptance. On the contrary, it is largely held that the restrictions which they impose upon trade, result in a greater production and more equitable distribution of wealth. This is held to be especially true of frontier duties levied, not for the purpose of yielding a revenue, but for that of restricting or preventing the importation of goods which are or can be made within the country ; so called protective duties.

This is the contention which I wish to investigate in the light of facts, which a comparison of the economic history of a partly free trade colony with that of a partly protective colony furnishes.

In order to estimate thoroughly the influence which any particular policy exercises upon the fortunes of a community, it is necessary to justly appreciate the effects of other causes upon the welfare of that community. Thus to correctly demonstrate the result of the policy of protection in Victoria, it would be necessary first to realise the result of every other cause which has influenced the moral and material development of its people. Advances in arts and sciences, resulting in the lowering of cost of production without and within the colony ; increase of population resulting in greater productive power ; alterations in the land laws, resulting in a better use of land, and a consequent increase in the production of wealth ; advances in the methods of government ; improvement of laws and in the education of the people ; the rise and power of Trades Unionism, resulting in an alteration of the distribution of wealth ; all these causes must have had considerable influence in bringing about the present condition of the colony. For the purpose of our inquiry, their results should be fully appreciated, and should not be confused with those brought about by protection. Yet it is manifestly impossible to do so adequately, and this fact materially assists the advocates of protection. For it is the benefits which result from

these causes, claimed by protectionists as resulting from their policy, which confound the public judgment and conceal the pernicious influence protection has really had.

The effect of the protective policy on the development of the country, cannot therefore be deduced from a comparison of its present, with its ante-protective state. But, when starting from an axiom, which is as certain as that other axiom, that the shortest distance between two points is a straight line ; from the axiom that man seeks the satisfaction of his desires with the least exertion, we arrive, by deductive methods, at the conclusion that protection cannot result in any of the advantages claimed for it ; when, on the other hand, we find that there is no evidence whatever as to its actually having produced any advantages, even when the effect of the other causes which I have mentioned is ignored ; we can then confidently assert, that protection has failed to confer those benefits upon the country which were expected from its adoption, and which are now claimed as a justification for its perpetuation and extension. We can then even go farther, and are irresistibly led to expect that so far from having acted beneficially, protection has impeded the advantageous action of the causes enumerated, and that without the dead weight of protection, the action of these forces would have resulted in much larger benefits to the country than they have as yet conferred.

But in Victoria there is fortunately a method afforded us by which an approximately correct estimate of the influence of protection can be arrived at, namely, by a comparison of its past and present condition with the past and present condition of New South Wales. Both are young countries, inhabited by a population of substantially the same origin. They have substantially the same institutions, forms, and methods of government, and capital and labor oscillate as freely between them as between one English county and another. The only differences between them, except the difference in their fiscal policy, are the start in wealth and population, which the richness of its alluvial goldfields gave Victoria in the middle of the century ; the more compact form of the territory of Victoria, and the consequent greater density of its population ; the more bracing climate of that colony, resulting in a more energetic character in its inhabitants ; the greater fertility of soil in many of its parts, and the more general and more copious rainfall, exempting it from those destructive droughts and floods which are of regular recurrence in New South Wales.

It is often pleaded that these advantages are more than counterbalanced by the advantages which the manufacturing industries of New South Wales derive from cheaper coal. It is assumed that coal must be cheaper in New South Wales than in Victoria, because the supply for both colonies is derived from mines situated in the former colony. This, however, is a popular error ; for the manufacturing industries of New South Wales are mostly carried on in Sydney, the same as those of Victoria are mostly carried on in Melbourne, and as the cost of ocean carriage from the mines to

Sydney differs little from that to Melbourne, the cost of coal in both cities is almost identical.

The economic advantages in favor of Victoria are, therefore, of sufficient importance to lead one to suspect that Victoria must have largely outstripped the elder colony in the production of wealth, even if its fiscal policy had remained the same. But when to these natural advantages are added the artificial benefits claimed for a protective policy, then it must surely be admitted that Victoria should have largely outstripped New South Wales, and that the distribution of wealth should be much more equitable in the former colony than in the latter. Furthermore, it must be admitted, that if this is not so, if there is not a greater production nor a more equitable distribution of wealth in Victoria, that then we are justified in asserting that the protective policy has retarded instead of assisting the development of the natural advantages possessed by the colony, and has failed to more equitably distribute the wealth derived from them.

To come to more detailed statements, it is claimed for protection in Victoria, and by Victorian Protectionists only, a claim unsupported by any of the economists who advocate that policy, that customs duties levied for the purpose of protection do not increase, but rather lower the price of the commodities upon which they are levied. A comparison of the prices ruling in Sydney, with those ruling in Melbourne for some such commodities which can be recognised as of the same quality will establish the incorrectness of this claim.

A comparison of the value of imports per head of the population in 1866, when protection was introduced, with that of imports during late years, as well as a comparison of value of imports into New South Wales with those into Victoria, will dispose of the claim that protection, as far as it has gone, has reduced imports and prevented the competition of foreign goods with Victorian goods.

A comparison of the value of imports of commodities produced by the principal manufacturing industries, and a comparison of the number of hands employed, will further establish the fact that these industries are receding instead of advancing under the influence of increased protection.

The democratic character of the constitution of Victoria has led protectionists to claim that the levying of customs duties on a few commodities must lead to an increase of the wages of labor in the production of all commodities. A comparison of wages in New South Wales, with those ruling in Victoria, and a comparison of present wages in the latter colony with those of a former period, will also test the correctness of this contention. And I may here be permitted to say that I hold this to be the crucial test. Protection, I hold to reduce the production of wealth, and to reduce the purchasing power of wages. Nevertheless, if it could be shown that protection did increase wages more than it lowers their purchasing power, that under a protectionist regime there is a real increase in the share of wealth which goes to labour, I, as well as almost every other member of this community, would advocate protection. But, if this cannot be shown, if the only result of protection is a decrease in the amount of wealth produced, and a decrease in the purchasing power

of wages, without a corresponding increase in the amount of wages, then I hold protection to be entirely evil in its results.

There are, however, other subjects closely connected with those already stated, and illustrating the general well-being of the population in both these colonies which cannot well be overlooked in such an inquiry. With these I also propose to deal after having devoted a few sentences to an illustration of the general influence of customs duties on foreign trade.

The object of international trade is the exchange of commodities, in the production of which a country possesses a comparative advantage, with other commodities, in the production of which it either possesses less of an advantage over another country, or is at a positive disadvantage with regard to another country; to exchange a commodity produced at the least cost, against other commodities, which, within the country, could only be produced at a comparatively higher cost. International trade, therefore, enables a country to devote such of its productive powers as are not required for purely local purposes, to the production of commodities which give most profit, and thereby to acquire in exchange with the same profit commodities, which, within the country, can only be produced with less profit.*

The object of protection, on the other hand, is to contrive that all commodities, or as many commodities as possible, should be produced within the country, regardless of the question whether the production of that commodity within the country entails a greater expenditure of wealth than its acquisition by exchange; regardless of the question whether the country possesses any comparative advantage or disadvantage in the production of any of these commodities as to each other, or as compared with foreign countries.

The contention is, that if any one in Victoria produces grain, and exchanges it with England for furniture, that then the price of the furniture is not increased to him by a customs duty levied thereon, that he has not to give more grain for the furniture than before.

In spite of a customs house duty of $38\frac{1}{2}$ per cent., furniture is still imported into Victoria, a clear proof that, in spite of that duty, it is still more profitable to exchange wheat or some other produce for furniture, than to make such furniture in Victoria. The cost to me of any furniture for which I exchange wheat, is determined by the cost of production of that wheat. If £90 is the cost of producing wheat sufficient to procure furniture, the cost of producing which, in the colony, is £120, then the cost of that furniture is £90; with an expenditure of £90 the country has received furniture worth £120. The country has therefore been enriched by this exchange to the amount of £30. If now the state demands from me on the arrival of that furniture, a fine of 30 per cent. I must export more wheat in order to cover this fine, viz. 30 per cent. of £90 worth of wheat, or another

* By profit I do not understand merely the gain of the employer, or of the employer and the capitalist, but the difference of value between the wealth consumed and the wealth produced for and by any given act of production. When production is profitable, the value of the article produced always exceeds the value of the articles consumed in the process. The latter is composed of the value of all the material converted, of the wear and tear of machines and instruments, of the food and wear and tear of clothes of the workmen. The profit here meant becomes divisible between the three factors in production: land which receives rent, capital which receives interest, and labour which receives wages.

£27 worth of wheat. For this additional amount of wheat, I receive no other return than permission to use the furniture. The furniture now costs £90 + £27 worth of wheat or £117 in all. Still it is more profitable to expend £117 worth of wheat in the purchase of English furniture, than £120 in making the same furniture in the colony. But if the state now raises the duty to 40 per cent., I must export as much wheat as will cost £126 to raise, for furniture which it will cost £120 to make within the colony. It now pays better to make furniture than to grow wheat, but with this difference. The growing of the £90 worth of wheat gave to me and to the country an extra profit of £30 in foreign exchange. It would exchange at that profit with foreign furniture or other commodities. But the furniture which is made in the colony under these conditions costs £120 to make; instead of £90 worth of wealth expended in procuring £120 worth of wealth, £120 of wealth expended, procures no more than £120 of wealth. The community, as well as myself, have lost a profit of £30 by forcing me to make furniture, or get somebody else to make it, instead of myself or somebody else producing wheat. The rate of exchange of furniture has been raised; the rate of exchange of wheat has been lowered. The making of furniture has not been made more profitable, the same amount of wealth is still consumed in making it; but the growing of wheat has been made less profitable, it exchanges for less of furniture than before the imposition of a duty on furniture.

What is true of the exchange of wheat against furniture, is equally true of the exchange of any other two commodities. Impose an import duty on any of them, and not only do you increase the cost at which the individual can procure that commodity, and thereby reduce the value of the commodity which he offers in exchange, be it wheat or gold (wages); but you also reduce the wealth of the community, by diverting production from more profitable to less profitable industries. In no case can you possibly increase the profit which can be derived from any industry. You produce less wealth at the same cost, or you produce the same amount of wealth at greater cost; you always reduce profit, that is the difference between the value of wealth consumed in the production of other wealth and the value of the wealth so produced.

In any given country, the industries which can be protected are of comparatively small importance, while those which cannot be carried on without protection are of still less importance. Moreover, the fact that any industry stands in need of protection proves that the conditions under which that industry must be carried on, are more onerous, and less capable of admitting of a profit, than the conditions under which other industries can be carried on in the same country. By exchanging the product of the latter, the more profitable industries against commodities which form the produce of industries similarly situated in foreign countries, the latter commodities are obtained at a similar rate of profit as the former; *profits are levelled up*. But by compelling one set of producers, working under more profitable conditions, to exchange their produce against that of producers working in the same

country under less profitable conditions, the entire rate of profit is lowered; *profits are levelled down*. The same consumption of wealth results in a smaller production of wealth under the latter, than under the former condition; the wealth of the community is increased at a much smaller rate.

The claim that a customs house fine on imported goods will enable all goods to be produced within any country at the same cost as in the country most suitable to their production is evidently absurd. Yet it is the logical outcome of the claim that duties neither increase the price of imported goods on which they are levied, nor that of home-made goods, the production of which they are intended to foster. Every protectionist must recognise that there are commodities which cannot be so produced under any amount of protection. They recognise that pineapples cannot be produced as cheaply in England or say Russia as in Queensland, that tea and coffee, cotton and bananas, cannot be produced as cheaply in Victoria as in tropical and semi-tropical countries. But they maintain that there are commodities, such as all or nearly all the products of secondary industries, *i. e.*, manufactures, which can be made as cheaply in one country as in another, if the state will only help the manufacturer over the first difficulty of starting the industry. This was the claim on which protection took its stand when the policy was first introduced into the United States, and subsequently when it was adopted in Victoria. In the United States this initiary stage has lasted for nearly a century, in Victoria, about 25 years. In both countries has it been found, that not only must the time of protected infancy be extended indefinitely, but that the customs duties must also be raised from time to time. The protected industries instead of requiring less protection as they grow older, instead of growing stronger and less needful of protection, seem to grow weaker with the advance of time, for they require more and more protection. In the United States, protective duties have been raised from ten per cent. to as much as 250 per cent., and in Victoria from 10 per cent. to 38½ per cent., and in some instances to as much as 100 per cent. Nevertheless, not one single industry can be pointed to in either country which has passed out of the nursing stage, not even one which requires less nursing. They all want more protection still. Protectionists themselves have therefore practically abandoned this theory of fostering youthful industries into self-reliance and self-support; for they cannot point to a single industry in which it has succeeded. Yet looking at the conditions, for instance, which govern the iron and steel industry of a country, it cannot be doubtful, that, without protection, that industry would not only be self-supporting and prosperous in Pennsylvania, but that the natural conditions for the production of these commodities are so favorable in that state, that under a system of free trade it could compete in the English market itself, could produce iron and steel cheaper than either Sheffield, Glasgow, or Middlesborough.

If, furthermore, the commodities which are exported from the United States are examined, it will at once appear, that that country

has made no progress towards enabling its industries to compete with foreign industries. The United States now count over sixty million inhabitants, as against three millions when protection was adopted, yet its exports are still of substantially the same character. In 1887 out of a total export of seven hundred million dollars, over five hundred and ten million dollars are represented by breadstuffs, raw cotton, provisions and oil, all raw material, and the produce of industries which cannot be protected. Moreover, from 1878 to 1887, an exceptionally prosperous period, exports were increased by eight million dollars only, or a little over one per cent. in ten years, in spite of a large increase of population.

I have already stated that it is not the absolute, but the comparative cost of production which determines the exchange of commodities between different countries. The claim that a protective policy enables a given country to produce certain commodities as cheaply as the country situated most favourably for their production, even if it could be proved, would therefore be insufficient as a justification of that policy. As long as it is not shown that protection enables a given country to produce all commodities at least cost and at an equal profit, that policy must entail loss. It would still result in the production of commodities which give less profit, in the place of those giving most profit. It is only when a country can gain nothing by exchange, that it will cease to exchange; as long as there are commodities of equal value, some of which can be produced at less cost than others in a given country, it will be more profitable to that country to acquire the others by exchange than by direct production, even if itself could produce these commodities at less cost than the country from which it acquires them. The measure of the cost of imported goods is not their cost at the place of production, but the cost of the goods which have been given for them in exchange.

The circumstances which enables one country to produce any given commodity at less cost than another, are the most varied and perplexing. Apart from geographic and climatic conditions and the more or less favourable occurrence of minerals, there enter into it almost all the phenomena which distinguish one nation from another, which distinguish a young country from an old country. But a comparatively high rate of wages is one of the most important, if not the most important factor in reducing cost of production, not only by forcing into use labour-saving machinery, which at a lower rate of wages could not permit of a saving in wages, but also by the greater intelligence and vigour of the workmen, which high wages produce. Consequently, we find a nation's power in the markets of the world to be somewhat in accordance with the rate of wages to which its workers are accustomed. China, India, Mexico, export no manufactures, Russia least of all European nations, Italy and Spain rank next, Austria stands by itself, Germany and France follow, and Great Britain stands at the apex of industrial power.

If the "pauper labour" argument were true, if it were true that every increase of wages causes a corresponding increase in the cost of production, nothing would be more foolish, than for workers to try

to get an increase of wages. For high wages clearly can buy no more of correspondingly dear goods, than low wages can of correspondingly cheap goods, and it would not matter the least to wage-earners, whether their wages were high or low.

The condition ranking next in importance is density of population, enabling production to be carried on on a larger scale; permitting of the utmost subdivision of labour; allowing of the establishment of subsidiary industries, providing either the machines and tools or using up the bye-products of other industries. Whether protection does result in an increase in the rate of effective wages, will form the subject of the next and some subsequent inquiries. That it does not produce such an increase of population as would secure to a young country some of the advantages of older and more densely populated countries, is obvious. The history of Victoria proves that on the contrary it retards increase of population; that it drives population away.

In 1866, the year when protection was introduced, the population of Victoria amounted to 636,982 human beings, as against 431,412 in New South Wales; in 1881 the relative numbers were 862,346 and 751,468; but in 1889 while the number in New South Wales had increased to 1,122,200, they were 1,118,077 only for Victoria. During this period the increase had only been 75 per cent. for the protected colony, while it was 140 per cent. for the free-trade colony. The increase from 1871 to 1881 was 30.91 per cent. in New South Wales, and only 18 per cent. in Victoria; and from 1881 to 1888 it was 44.43 per cent. in the former and only 26.50 per cent. in the latter colony. While in the former decade the difference in the rate of increase was 12.91 per cent., it was 18.43 per cent. during the latter period, thus proving that the increase of population is retarded *pari passu* with the increase in protective duties.

The circumstance that, next to Hobart, Melbourne has the greatest proportion of females to males of any Australian city, points to the fact that this comparatively slow increase of population is due to the same cause which has been ascertained to produce the same result in Hobart, namely, the emigration of native-born males. The proportions of females to males are: Hobart 107.02, Melbourne 103.38, Sydney 96.80. Furthermore the proportion of females in the total population was in 1881: 47.5 per cent. in Victoria, and 45.8 per cent. in New South Wales; in 1888 46.6 per cent. in Victoria, and only 44.3 per cent. in New South Wales; in 1891 it was 47.8 per cent. for the former and 46.5 for the latter colony, showing again that protection has led to a loss of male inhabitants.

The following two tables show the greater attraction which New South Wales exercises on men in the prime of life, and the loss sustained by Victoria through the emigration of this economically most valuable section of its population:—

MALES IN 1881.

	VICTORIA.		NEW SOUTH WALES.
Up to 25 years old ...	257,067	... 56.86 per cent.	229,342 ... 55.78 per cent.
From 25 to 45 years old	99,497	... 22 "	115,991 ... 28.22 "
45 years old and over	95,579	... 21.14 "	65,816 ... 16 "
	452,143		411,140

MALES BETWEEN THE AGES OF 25 AND 45 YEARS.

VICTORIA.		NEW SOUTH WALES.	
1871,	135,413=18.1 per cent.	...	83,275=10.7 per cent.
1881,	99,497=11.5 "	...	115,691=15.4 "
Loss, 35,916.		Gain, 32,716.	

In the first of these tables the percentages are those of the male population ; in the latter the percentage of the males in their prime to the total population is given. The first table shows the result, viz., the greater percentage of men in the prime of life in New South Wales; the latter table shows that the shifting took place in the years during which Victoria *enjoyed* protection, that on account or in spite of protection, young men are avoiding and leaving the protected colony, in which, if protectionists are right, they ought to find it easiest to make a living, are flocking into the colony, in which they ought to find it most difficult to make a living. In estimating the significance of these figures, it must not be forgotten, that, according to the general increase of population, we ought to have had in 1881, 20,987 more males of from 25 to 45 years than in 1871, making our total loss of men in the prime of life 56,903, surely a most disastrous retrogression in one decade. There is, however, nothing new in these tables; they are merely a confirmation of what has long been generally known. Every traveller remarks upon the number of Victorians engaged in trade and agriculture in New South Wales and other colonies, and the paucity of natives or former inhabitants of New South Wales similarly engaged in Victoria. A more significant fact by which to measure the result of protection can scarcely be asked for ; for if the protective policy had added to the natural advantages of Victoria, then surely Victoria would have powerfully attracted the workers in the prime of life from every colony and even from over sea. But the opposite is the case ; the strong, the hopeful, and energetic leave the protected colony, flock into the free-trade colony instead, proving conclusively that there it is easiest for them to gain a comfortable livelihood.

One of the most firmly established facts in the science of statistics is, that under present social and economic conditions, the numbers of marriages and births rise and fall with any rise or fall in the nation's prosperity ; that steady employment at decent wages especially has the invariable result of increasing the number of marriages and births. And it must be held as similarly true, that in two nations of similar origin, the members of which are constantly intermingling, the social and political institutions of which are the same, the more prosperous nation, the one in which employment is more constant and effective wages higher, will show the greater number of marriages and births ; and vice versa where the number of these are greater, there wages are higher and employment more constant. Under the application of this unerring test also, New South Wales holds her superiority over Victoria, as the following table shows, a superiority not founded on natural advantages, but resulting from the fiscal policy we have adopted :—

No. OF MARRIAGES AND BIRTHS PER 1000 OF MEAN POPULATION.

MARRIAGES.			BIRTHS.		
	Victoria.	N. S. Wales.		Victoria.	N. S. Wales.
1866	6.76	8.26	1866	39.76	40.45
1867	6.79	7.84	1867	39.75	41.4
1868	7.08	8.23	1868	41.08	40.72
1869	6.89	8.04	1869	37.89	40.74
1870	6.63	7.85	1870	38.07	40.09
1871	6.37	7.78	1871	37.15	39.63
1872	6.36	7.46	1872	36.33	38.46
1873	6.50	8.05	1873	36.71	39.38
1874	6.33	7.70	1874	34.46	39.30
1875	6.33	7.88	1875	33.94	38.53
1876	6.21	7.66	1876	33.61	38.56
1877	6.31	7.94	1877	32.17	37.92
1878	6.20	8.08	1878	32.35	38.50
1879	5.98	7.80	1879	32.18	38.99
1880	6.22	7.68	1880	30.75	38.80
1881	6.79	8.27	1881	31.24	38.18
1882	7.09	8.74	1882	30.05	37.37
1883	7.43	8.83	1883	30.23	37.49
1884	7.73	8.49	1884	30.89	38.54
1885	7.72	8.18	1885	31.37	37.64
1886	7.84	7.97	1886	31.23	37.03
1887	7.62	7.42	1887	32.40	36.42
1888	8.42	7.37	1888	32.49	36.20
1889	8.22	6.71	1889	32.52	33.24
Mean per Year.	6.90	8.00		34.54	38.90

The most remarkable lesson which this table conveys, apart from the conclusive proof of the greater well-being of the bulk of the people of New South Wales than that of Victoria which it affords, lies in the fact, that during the years 1887, 1888. and 1889, the years during which occurred the preparation and culmination of the boom period of Melbourne, the proportion of marriages in Victoria exceeds that of marriages in New South Wales, while the proportion of births, while increasing, does not yet come up to those in New South Wales even in the last year. It shows that this period of plentiful employment immediately drew population from New South Wales to Victoria; but a population of unmarried people mostly, just what was to be expected, and a further proof, if any were required, that the previous exodus of men in the prime of life was due to the obverse cause, want of employment.

The excess of births over deaths tells the same tale; its mean for the ten years from 1878 to 1887 being 112 for Victoria and 148 for New South Wales per 1000 of population, showing the more rapid increase of the native-born population of the latter colony.

From whichever standpoint the movements of population and the vital statistics of the two colonies are considered, it is clear that the effect of protection has been, to retard the increase of population which must have taken place, had the fiscal policy of the colony been

different. But there remains to be disproved one popular prejudice. It is often asserted by protectionist orators, that the greater increase of population in New South Wales is due to the fact, that that colony encourages immigration by affording state assistance to intending immigrants. I have already shown that a considerable part of that greater increase is due to a greater percentage of births over deaths, that is, a more rapid increase of the native born population of that colony than of that of Victoria. But even in that part of the greater increase, which is due to immigration, state-assisted immigration plays a small part only, as the following table will show :—

EXCESS OF IMMIGRANTS OVER EMIGRANTS BY SEA.

	Victoria.	N. S. Wales.	Excess of N. S. Wales.	State Assisted Immigrants into N. S. Wales.
1881	7,322	22,898	15,576	2,577
1882	10,880	19,317	8,437	3,233
1883	11,030	32,810	21,780	8,369
1884	14,141	32,232	18,091	7,568
1885	14,982	39,633	24,701	5,554
1886	25,302	28,492	3,190	4,081
1887	22,026	23,516	1,490	1,352
Total	105,683	198,948	93,265	32,744

In these 7 years the number of state-assisted immigrants amounted therefore to 16.4 per cent. only of the total number of immigrants in excess of emigrants by sea, and to one third only of the excess of such immigrants in New South Wales over those in Victoria. Of the number which arrived overland and of which no record is kept, none were state assisted, and it must moreover not be forgotten, that while 198,948 is the difference between immigrants and emigrants only, 32,744 is the total number of state-assisted immigrants, many of which either found their way into other colonies afterwards or would have done so, had these offered better prospects than New South Wales. Moreover, the total number of state-assisted immigrants amounted to 59,000 only during the whole period from 1866 to 1889, as against a total increase of population of 690,788 souls, or only 8.5 per cent. of the whole increase.

It is not infrequently asserted that the more rapid increase of the population of New South Wales is due to her larger territory. It is needless to say that her territory was just as much larger in 1866 when her population was only two thirds the number of ours, than it is to-day. This reply would be insufficient if Victoria already possessed as great a population as could use her natural advantages in the most profitable manner; for in that case every new comer would be a burden. But when millions of acres of land are as yet unused, and when many more millions are as yet insufficiently used; when it is seen that Victoria might maintain ten and twenty times her present population in wealth and comfort, that answer is sufficient to expose the fallacy of the territory argument.

Notwithstanding the reduction in the production of wealth resulting from the artificial creation of industries which work under

more onerous conditions than those natural to the country in its existing state of development, the advocates of protection claim, that the rate of wages in all industries, whether capable of protection or not, is increased through this artificial transference of labour and capital from more profitable to less profitable industries. The reasoning usually employed to sustain this assertion reads somewhat like this. By levying an import duty on any commodity, you enable the production of that commodity to be carried on at a profit, or at a greater profit than before. The profit being greater, higher wages can be paid. The higher wages paid in these industries will enable workers in all industries to compel their employers to pay higher wages.

This theory is obviously fallacious with regard to both points on which it hinges. It assumes that duties can make an industry profitable, *i. e.*, increase the value (not price) of the product, or decrease the cost of its production, and that because an industry is more profitable the employing capitalist will give to labour a larger reward, higher wages, than if it were less profitable.

We have already seen in the example of wheat and furniture, that no duty can make any industry productive of greater profits, that on the contrary, every duty results in a reduction of profit in those industries which are most profitable under existing circumstances. But though duties cannot make any industry more really profitable, they can make the conduct of that industry more gainful to those who conduct it. If the loss on a certain business is £1000 a year, and the capitalist who engages in it receives from the state £2000 a year as a gift for conducting that business, it pays him to do so, it is made profitable to him.

If the £2000 are subscribed by the purchasers of his goods over and above the price of his goods, it is equally profitable to him. But there is no other condition which will induce him to enter upon the conduct of any industry, not naturally profitable, but such a gift; and such a gift he receives from the purchasers of his goods. For in the same measure in which duties increase the price of foreign goods, he will increase the goods he makes to compete with them, and every purchaser of protected goods, pays the increased price either to the state, if imported, or to the manufacturer, if home made. Every purchaser of such goods must part with a share of his earnings as a recompense to the manufacturers of protected goods, as a bribe for them to get such goods made in the country. Granted for a moment that it is wise for the members of a community, in Victoria mostly working men, to combine, for the purpose of each handing part of his earnings to a Mr. Jones, in order that Mr. Jones may reap a gain or larger gain from that employment of his capital, does it at all follow that Mr. Jones will consent to allow the few men whom he employs to participate in this gain to a greater extent than he can help? Does it follow that he will pay higher wages than others? Are employers generally so benevolent that they raise wages on their own accord. If employers are so benevolent, then a considerable part of the social question is solved. Trades unions and strikes certainly would be obsolete and unnecessary institutions.

Let us, however, assume that customs house duties of sufficient magnitude are levied to enable manufacturers to charge such high prices for the commodities they make, that their gains are considerably larger than can be obtained for capital in other pursuits. The inevitable result would be that not only would they extend their operations, but others would enter upon the same industries. The limit of consumption, within the country, of the commodities produced by them would soon be reached; the export of these commodities would be either insignificant or impossible, because the fact that they want protection proves, that they cannot compete in the open market; competition would reduce the price, and very soon the protected industries would yield less gain to the manufacturers than other industries, while the prices of their productions would still be higher than they would be without protection. Further increase of duty cannot profit a manufacturer whose industry has arrived at this inevitable stage. It would only do so if it increased the demand for the commodity produced by him, within the country, which clearly is impossible.

That most of the protected industries of Victoria have already arrived at this inevitable stage, is proved by the languishing condition, in spite of recently imposed increased duties, of our woollen mills, clothing factories, boot factories, cigar factories, and others.

The following tables show that our principal protected industries afford less and less employment in spite of the fact, that in the period under review 1883 to 1890, the population has increased 22 per cent., and that therefore these industries, if they were growing, would employ a similarly increased number of workers:—

HANDS EMPLOYED IN VARIOUS FACTORIES IN VICTORIA.

Factories, etc.	Hands employed.		Decrease.
	1883.	1890.	
Clothing	6155	5068	1087
Hats and Caps	714	482	232
Rope, twine, etc. ...	503	288	215
Meat Curing, ...	599	279	320
Flour Mills	836	807	29
Lam, pickle, etc. ...	463	406	57
Coffee preparing, etc. ...	279	127	152
Soap and Candles ...	472	339	133
Tanneries	1786	1576	210
Tents and Tarpaulings	112	95	17
Agricultural Implements	1147	1006	141
Salt	66	60	6
Woollen Mills	813	810	3
Tobacco	855	840	15
Brushware	183	181	2
Boiling down	145	71	74
Total	15,128	12,495	2633

EXPORT OF VICTORIAN MANUFACTURES.

	1833.	1889.
	£	£
Hardware, etc.	28,057	15,523
Jams, etc.	23,276	4,638
Preserved Meats	76,015	16,151
Boots and Shoes	30,958	16,254
Cordage	27,613	4,683
Saddlery and Harness	22,417	6,382
Woollens, etc.	12,546	2,609
Drugs and Chemicals	15,400	4,711
Furniture	46,832	15,614
Machinery	138,407	62,167
Apparel	245,998	98,367
Sugar and Molasses	216,500	38,647
	£893,020	£286,251
Loss	£605,769	

It might, however, be said that although higher wages cannot be expected from an employer's benevolence, the increase in the demand for labour, which follows the establishment of industries by protective duties, will reduce the competition of labourers amongst themselves for employment, and thus either increase or prevent the fall of wages. Yet inasmuch as I have already shown that protection reduces the profits arising from the more profitable industries of a country, it will be evident that it discourages these industries more than it encourages the protective industries; for while the latter gain only the higher profit from the goods they produce, the former lose both in this and in the duty which the state collects from imported goods. Protection therefore throws more men out of employment, or prevents the employment of more men, than it possibly can procure employment for. A comparison of our exports, the produce of the more profitable industries, with the exports from New South Wales will establish this point most clearly.

It has been asserted that the greater quantity of exported produce from New South Wales is due to the larger territory of that colony. This would be a sufficient explanation, if land could produce wealth without man's labour; but when it is recollected that our population is almost as numerous as that of the sister colony, that at least, the same amount of foreign capital is employed here, and that the agricultural and mineral resources of this colony are by no means fully availed of, then this argument will be seen to be fallacious.

It is also asserted that our exports are largely of manufactured goods and therefore give as much employment as the more valuable exports from New South Wales, principally composed of raw materials. Apart from the circumstance, that the alleged facts have no existence, our exports of manufactured articles in 1889 amounting only to £499,570 (apart from provisions), the allegation that manufactures give more employment than raw material is itself untrue, when applied to value. A given bulk of raw material has occasioned less labour than the same bulk of most manufactured goods. But a given value of either has occasioned the same labour and afforded the same employment; for it is labour and labour alone which determines value. A hundred-weight of leather is produced with less labour than a hundred-weight of boots. But it takes the same amount of labour to make £100 worth of leather, as to make £100 worth of boots.

COMPARISON OF EXPORTS FROM 1880 TO 1889.

	Victoria.	N. S. Wales.	Per head of Population.	
			Victoria.	N. S. Wales.
1880 ...	£ 15,954,559	£ 15,525,138	£ 18 11 0	£ 20 18 4
1881 ...	16,252,103	16,049,503	18 9 0	20 12 4
1882 ...	16,193,579	16,716,961	17 19 9	20 12 7
1883 ...	16,938,863	19,886,018	18 7 9	23 4 0
1884 ...	16,050,465	18,251,056	16 18 7	20 4 2
Total.	81,389,569	86,428,676	90 6 1	105 11 5
1885 ...	15,551,758	16,541,745	16 0 2	17 0 7
1886 ...	11,795,321	15,556,213	11 15 0	15 11 0
1887 ...	11,351,145	18,496,917	10 19 0	17 17 0
1888 ...	13,853,763	20,859,715	12 14 0	19 4 4
1889 ...	12,734,734	23,249,934	11 7 9	20 14 4
Total.	65,286,821	94,704,524	62 15 11	90 7 3

While the produce of, and consequently employment in the natural industries of New South Wales is constantly increasing, it is falling off in a dangerous degree in ours, through the discouragement which they suffer from protection. There would be no danger to the wage-earners from this fact, if the manufacture of goods formerly imported were encouraged in a similar or greater ratio. The imports into the colony will show whether this is the case; for they would naturally decrease if the production of home-made goods were to increase to such an enormous extent. If, however, no such reduction in imports accompanies this large reduction in exports, and if the sister colony imports no more than we do, in spite of her greater export, then the proof is complete, that protection reduces employment; that it throws many more hands out of employment than it finds employment for; that instead of reducing the competition of workmen for employment, it increases that competition; and that therefore, instead of tending towards an increase of wages, it tends towards a lowering of wages.

COMPARISON OF IMPORTS.

VICTORIA.				NEW SOUTH WALES.			
	Population.	Imports.	Value of Imports per head of Population.		Population.	Imports.	Value of Imports per head of Population.
			£ s. d.				£ s. d.
1866	636,982	4,771,711	23 3 9	431,412	8,867,017	20 11 2	
1888	1,090,869	23,972,134	22 0 0	1,085,740	20,885,567	19 5 0	
1889	1,118,028	24,402,700	21 16 s	1,122,200	22,863,057	20 7 5	

The claims that protection increases the opportunities of employment and raises wages, evidently has no foundation. There is, however, another claim, similar, but resting on a different basis. This claim is, that the importation of goods made by cheap labour must inevitably reduce the wages of the higher-paid labour in this colony, unless protection steps in and either prevents the importation of such goods, or increases their cost to the consumer, in Victoria, be it marked, mostly these higher-paid labourers themselves. At the first glance this theory is very seductive.

Competition of labourer with labourer is the cause of low wages ; therefore the competition of labourers willing to work for low wages must reduce the wages of higher-paid operatives. This is undoubtedly true ; but it does not apply, for the competition which protection might prevent is not the competition of labourer with labourer, but the competition of goods with goods. It tries to compel our highly paid operatives to buy dear home-made goods, by artificially increasing the price of similar goods made elsewhere. It fosters the making of these goods and thus produces the competition which it professes to prevent. Under natural conditions, such competition either does not take place, or only for a short time. The low-paid foreign labour makes one commodity ; our high-priced labour produces another commodity to exchange against it. In the long run there is no competition ; there is mutual help, for if the cheap foreign labour is effective labour, if its cheapness really reduces cost of production, then its cheapness increases the reward for our labour. If a Victorian miner can earn in one day sufficient to pay for clothing which it took two days of English labour to make, the reward of his labour is just double what it would be if these clothes had to be made in Victoria by labour not more effective. For in that case they would also take two days of Victorian labour to make, and as the earnings of all labour (special skill excluded) in a given country are similar in amount, the miner would have to work two days to get these clothes, the same as the English miner has

to do. But if English miners and other labourers were to come to Victoria in numbers, and were to continue their readiness to work for English wages, then clearly Victorian miners and other labourers would have to work for equally low wages.

I have already exposed the fallacy of the assumption that low wages result in a low cost of production ; and have shown that on the average, high wages result in low cost of production, as low wages must result in high cost of production. This is moreover acknowledged in the fiscal policy of all protected countries. Russia, where wages are lowest, has the highest protective duties of any European country. Italy, Spain, and Austria, with wages somewhat higher than Russia, do not fear Russian competition in manufactured goods ; they fear the competition of France, Germany, and England, countries having higher rates of wages than themselves. Germany and France, with lower wages than England, mainly protect themselves against England, and England, with higher wages than any other European country, maintains these comparatively high wages under a system of free trade, is moreover infinitely more powerful in the markets of the world, produces more commodities at lower cost, than any of these low-wage countries. While our manufacturers despise the industrial competition of low-wage countries, such as India, Mexico, and China, our operatives, with equal reason, dread the competition of their badly paid inhabitants in Victoria itself. In China, the Chinese benefit our operatives by getting them cheap tea ; in Victoria they would harm them by getting them cheap wages. Labour competes with labour within the country ; labourers employed in different countries on different commodities never compete, on the contrary, assist each other through international exchange.

Not only is there no reason to dread the cheap labour of foreign countries, there is no proof that if such labour were to be feared, protection could prevent its evil influence. For protection, however high, seems incapable of preventing, or even of reducing, the amount of foreign goods which a country imports. There is not one of the protected countries in which the importation of foreign goods has been materially reduced since the introduction of the protective system. I have already shown that Victoria imports to-day substantially the same value of goods per head of population, as it did when protection was first introduced ; that it actually imports considerably more foreign goods per head of the population than New South Wales ; and it must not be overlooked that as prices have fallen enormously during the last 25 years, the same value means an enormously greater quantity of goods.

In the United States the failure of protection to prevent or reduce the importation of foreign goods has been even more decisive, as the following table will show. To fully appreciate its significance, it must be borne in mind, that while in 1820 customs duties amounted to thirty per cent., they have been augmented to such a degree, since the beginning of the war of secession, that in 1880 they certainly averaged at least double of that percentage.

IMPORTS INTO THE UNITED STATES OF AMERICA.

		POPULATION.	TOTAL OF IMPORTS.	IMPORTS PER HEAD OF POPULATION.
			\$	\$
1820	..	9,633,822	74,450,000	7.7
1840	..	17,069,453	122,957,544	7.20
1860	..	31,443,321	353,616,149	11.20
1870	..	38,558,371	435,958,408	11.30
1880	..	50,410,000	667,954,746	13.25

In spite of an enormous increase in the duties levied upon imports, the importation of foreign commodities per head of the population, has almost been doubled. How, then, can protection claim any efficiency in keeping out foreign goods.

I have already dealt with the assertion that protection provides employment, that it creates employment which otherwise would not be available, and have amply shown that the assertion can only be maintained by steadily looking in one direction and refusing to look in any other; by carefully noting every additional labourer employed in any protected industry, and carefully refusing to note the tens of labourers who are deprived of employment in the unprotected industries. The mere effort to increase employment by such artificial means as protection affords, presupposes a complete misconception of the conditions which underlie our social state. That there should be any fear of want of work for willing hands, when inventions and discoveries have enabled each pair of hands to produce at least fifteen times the amount of wealth which they could produce at the beginning of the century; when every worker can on an average produce more wealth in one day than he need consume in ten; when the labour of a comparatively small part of the population, not only suffices to provide the whole population with necessities, and many with luxuries, but in addition thereto, creates that enormous surplus of wealth which we see demonstrated in the rapidly increasing wealth of every civilised nation; when all around us there are millions of acres of land awaiting but the industry of the husbandman to yield a bountiful harvest; when for every man who tills a field, two men at least are required to provide him with houses and furniture, machines and tools, clothes and boots, to carry these requirements to him and to carry back the produce of his labour; when the sea teems with fish and our mineral wealth is daily found to be less exhaustible than it was once feared to be, is truly a most wonderful result of social arrangements. Few men want work for the sake of work; it is for the reward of work that they are willing to work. That reward, under present economic conditions, labour can only partially get. Whether the fiscal policy of a country be protective or free trade, under present conditions labour can only retain a part of what labour produces, though for a time at least free trade increases that part. Yet even so it is only too true that many willing hands cannot find work to do. But how can protection alter that? By creating profitless industries, by taking labour from

profitable work, to do work which has to be paid for by contributions levied from all other workers without any return to them? When de Tocqueville visited the United States 50 years ago, he attributed to its democratic institutions the fact that there were no millionaires and no paupers. To-day, America has some thousands of millionaires and three millions of paupers living on charity. Has protection succeeded in preventing the development of both these classes, or is it not answerable for a good many of both classes? Protectionist Germany spends large sums for the creation of colonies on its most sterile soils, for the employment of men who otherwise cannot find work, and Victorians leave the protected country of their birth by thousands, to look for work elsewhere. Is that a proof that protection increases the work for which the accustomed reward is offered to labour? That protection increases work is true enough, but only in this sense, that more work is required for the production of a given amount of wealth, or which is the same, the same amount of work produces less wealth; the work is increased, the reward is less.

I now propose to test the assertion that protection increases wages by a comparison of wages in Victoria with wages in New South Wales, as well as by a comparison of wages in Victoria in 1878 with those ruling in 1888. In order to do so, I have compiled two tables (appendixes A and B). Appendix B is an abstract from the comparative table of wages published in the Victorian Year Book 1888-9. Leaving out domestic servants, this table enumerates 121 different employments, in 58 of which no change has taken place, in spite of the fact that new duties have been imposed and old ones increased to an extent that the additional revenue derived from them amounts to £180,000 a year, while the remissions of duties only amount to £38,000 a year. The alteration in the rates of wages for the remaining 63 different employments contained in appendix A classify themselves as follows:—

			Increase.		Decrease.
Protected Trades	..	..	13	..	25
Unprotected Trades	..	..	16	..	9
			29		34

In the decade under review, wages have therefore fallen in thirty-four trades, and have slightly risen in twenty-nine trades only. Moreover the fall has mainly taken place in protected trades, while the rise has taken place in more unprotected than in protected trades.

Lest, however, it should be held that even the small and partial advance of wages may be attributed to the influence of protection, I may point out that during this decade, the power of Trades Unions was at its height and was strenuously exerted for the protection of wage-earners. Yet even this power, wielded by energetic hands, has not been able to increase the average of wages, has only been able to prevent their falling more than they have actually done. Mr. Hayter's figures however only reveal part of the truth. They only deal with trades working in factories and workshops, with the officially arranged wages. They do not deal with the large number of workers, who work in their own homes or in the homes of sweaters, and they

do not reveal the well-known fact, that in many trades considerable deductions are made from the log or official wages. What the wages of sweated workers amount to in spite of protection has been revealed by the report of the "Taylor's Union," published in the ultra-protectionist "*Age* newspaper:—

"Dreadful dens existed, as bad as anything to be found in London." "After twelve or fourteen hours of labour, . . . many had not earned more than 1s. 6d. or 2s. for their whole day's work;" "the average remuneration was about 1½d per hour;" "whatever they do, they rarely earn more than 15s. per week of seventy-two hours."

These statements were partially confirmed by the Chief Inspector of factories in his official report, from which I take the following extracts:—

"Particulars were obtained from sixty-eight female outside slop workers, but in fifty-four cases only were the wages and hours of labour given. These show an average wage of 18.07 shillings per week for 49.2 hours' work. It must be borne in mind that this includes persons who employ one, two, or three assistants, and the joint earnings of these enables them to show higher weekly averages than the persons who work alone. The average of the single worker would give a smaller weekly earning for a greater number of hours worked."

"By taking an average of sixteen shirt and underclothing makers, it is found that by working 55.6 hours they can earn 1rs. 3d. per week. These wages, although so wretchedly small, are really better than the average actually earned by shirtmakers. This arises from the fact that they have to find cotton, needles, and other necessities for their work. I am further of opinion that the working hours of those who are actually dependent on this work are greater than the average given."

These quotations describe the condition to which one class of protected labourers has been reduced. But the evil is not confined to this class; it is the condition towards which all unskilled labour is tending, all that large body of labourers who cannot join unions. Good workmen can be engaged by the hundred at from 25s. to 27s. 6d. a week, men who have to support a family; respectable girls, decently dressed, are glad to work for nine hours a day for 12s. 6d. a week, and without sweating.

Moreover, the rates of wages as published in the Victorian Year Book are apt to mislead in another respect. They cannot correctly state the remuneration of labour in Victoria, because they take no account of periods of enforced idleness. There is scarcely any trade, in which the majority of men are in receipt of wages all the year round. When the average wages of a trade are stated to be £2 a week, it would be erroneous to assume that the annual earnings of every man employed in that trade would amount to £104. On the average they would probably not amount to more than £85 a year or £1 12 9 a week, and the periods of enforced idleness are increasing as time goes on.

In appendix B. I give a comparison of wages ruling at present in Victoria and New South Wales. The list is incomplete, because

the trades enumerated in the Statistical Register of New South Wales for 1888 are less numerous than those in the Victorian Year Book, and some of them are so differently designated that they are not identifiable with the necessary degree of certainty. As far as the comparison goes, it shows that wages in New South Wales are slightly higher than in Victoria. Of twenty-nine trades, the only ones I have been able to compare, wages were equal in four, were higher in Victoria in ten and lower in Victoria in fifteen instances. If the assertion that protection increases wages were well founded, no such result of even a partial comparison would be possible; wages would be higher in nearly all trades. The following list of the average wages paid in the state departments still further disproves this assertion :—

AVERAGE DEPARTMENTAL WAGES.

			Victoria.		New South Wales.
Railways	£117	..	£134		
Education	114	..	121		
Post Office	119	..	134		
Police	146	..	182		
Letter Carriers ..	£6 to 7 monthly	..	£7 to 8 monthly.		

I have now come to the end of my inquiry into the correctness of the claims which are advanced in support of protection, with the result, that they one and all appear fallacious, that they are unsupported by analogy and contradicted by facts. I shall now inquire into the financial result of protection, a subject on which its advocates do not usually dwell.

I have already demonstrated that protection increases the cost of commodities, and thus reduces the purchasing power of wages.

It follows that the same nominal is really a higher wage in a free trade than in a protective country. In appendix C. I give a list of the prices of some commodities in Melbourne and Sydney. The list is necessarily restricted, as the comparison must be confined to goods obviously of the same quality. The number of commodities which conform to this condition is necessarily small; but when we find that all of them are of considerably higher price in Melbourne than in Sydney, we are justified in claiming this as a support for the theory, which surely should need no support, that duties increase the price of all goods on which they are levied; that of the many objects at which protection aims, the only one which it reaches is, to raise prices. This list, moreover, shows that the price of every article of which it is composed, is increased by more than the amount of duty levied upon it. Such a result also is inevitable. A trader must make a profit on the total cost of his goods; whether that cost results from the original price of purchase, freight, or duty does not and cannot make any difference, even when he knows what each separately amounts to, which in most cases he does not know. It is only the importer who possesses this knowledge, the middle man and retailer are ignorant of it.

That protection does reduce the purchasing power of wages is, except when engaged in argument, acknowledged by Victorian protectionists themselves. The ultra-protectionist newspaper the

Age acknowledges it, as the following passage culled from one of its leaders proves :—

“The system of indirect taxation throws the chief burden of taxation on the working classes.”

Moreover, the police officers lately demanded an increase of pay, “on account of the increased cost of living and especially of clothing under protection,” and the railway employees did the same, stating “that the last increase in the tariff has added three shillings a week to the cost of living.” I now propose to estimate, as nearly as can be, by how much the purchasing power of wages in Victoria is reduced through protection.

The revenue raised from customs duties amounted to £2,879,830 in 1888–9. This amount the inhabitants of Victoria had to pay directly for permission to exchange the produce of their labour against such commodities as suited them best. The importers of foreign commodities advanced this amount for them, but they and their customers made a profit on this advance. Let us assume that on an average the goods pass from the importer directly to the retailer, so that there are only two profits, and that the importer makes an advance of 20 per cent. and the retailer one of $33\frac{1}{3}$ per cent. on every £100 worth of goods, so that, when expenses for conducting the business are deducted, the former may gain some four or five per cent. and the latter say ten per cent. £100 paid in duty would then be charged at £120 by the former and £160 by the retailer to the public. At this rate, the amount of £2,879,830 originally paid as duty, would be repaid by the public with £4,614,928. To this payment must however be added, the higher prices of protected goods made in Victoria, as well as the profit which the middlemen make on the excess of price over that which would be paid, if duties did not exist. This has been calculated at £1,500,000, and though this seems to me an evident under statement, I will adopt it. Added to the repayment of duties shown to amount to £4,614,978, this brings up the direct and ascertainable cost of protection to £6,114,928 a year, without taking into consideration the probably larger indirect cost, resulting from loss of profit through the diversion of production from the more profitable to the less profitable industries. On the 31st of December, 1889, the estimated total population of Victoria amounted to 1,118,077 souls. Divide the sum of £6,114,928 by this number, and it will be ascertained that every man, woman, and child pays annually the sum of £5 10 3, or every head of a family having four children pays annually out of his earnings the enormous sum of £33 1 6 in order to uphold the protective system.

It is a curious and instructive phenomenon that the working classes of Victoria should have come to consider that this amount is not paid by them, but by some mythical person in whom they take no interest, and whom they derisively call “consumer.” These consumers are represented in their imagination by a few, say some 5000 families of capitalists and landowners. Yet every labourer’s wife should be able to tell her husband who this consumer really is. It is every man, woman, and child in the country; it is every producer and every non-producer whose consumption of goods causes the

importation and production of goods. A tax which raises the price of boots and hats, of coats and dresses, of furniture and crockery, of food and machinery, must surely be paid by those who purchase these things, be they workmen, capitalists, or landowners. It is true that individually the capitalist and landowner consume more than the artisan, and that individually each of them pays a greater share of this taxation than each artisan or labourer ; but when the small number of the former and the large number of the latter is considered, it will be manifest that they, the wage-earners, are far and away the greatest consumers, and that therefore the *Age* as well as the President of the Trades Hall Council are right when they declare, that under our protective system, the bulk of taxation rests on those least able to bear it, the working classes, amongst which I include the farmers.

It may of course be said that such part of this cost as is paid in duties directly to the state is not wasted, that it would have to be paid anyhow, as the state must have revenue. But apart from the fact that the revenue from customs duties does not amount to half of the amount which the people pay under that head, and apart from the other fact that the army of officials which has to be maintained for its collection consumes a very considerable part of that revenue, there is the further question, whether it is absolutely necessary that the bulk of this revenue should be contributed by the working classes, who almost exclusively pay the large revenue collected in excise dues and licenses as well. Protection blinds the working classes to the fact that they pay nearly all taxes, that under this system the wealthy classes are freed from almost any contribution to the revenue. Free trade would at any rate cause them to consider whether there are not other sources from which the revenue can be derived, than the hard-earned wages for their labour.

It behoves me now to show what the wage-earners get for this yearly payment of £33 1s. 6d. made without his knowledge by every head of a family amongst them. The Victorian Year Book states the numbers of artisans and labourers employed in factories and works, etc., as 56,271 for Victoria and 46,714 for New South Wales. I am aware that some protectionist newspapers have assailed the New South Wales statistician with scurrilous abuse, and even with charges of falsifying his statistics in order to overstate the number of workers in New South Wales factories. But when the methods employed to prove these charges are considered, no honest man can give the slightest credence to them. I will give only one example of these methods. The Statistical Register stated that there were 110 flour mills employing 628 persons, with steam engines aggregating 2877 horse power. In order to prove the falsity of this statement, the newspapers in question declared that according to the total amount of grain converted into flour, this would give one sixth of a bushel of grain a day for a man aided by four horse power. And this is how they arrive at this absurdity charged against the New South Wales statistician. They first give the amount of wheat converted into flour as three million bushels, when in reality it was close upon six million bushels. They then not only divided the wheat supply by the number of men, but by the number of mills as well, and having

thus found what they considered the yearly average per man, divided it by 300 working days. Clearly the yearly average per man is the total quantity of wheat, divided by the total number of men engaged in its conversion into flour, and to divide the resultant again by the number of mills, and then declare the resultant to be the average per man, is either dishonest or shows disgraceful ignorance.

Such critics can have no weight; moreover as our own statistician has lent the weight of his support to Mr. Cogan, there is not even any suspicion that his figures might be incorrect. The number of hands employed in Victorian factories etc. therefore exceeds the number of those similarly employed in New South Wales by 9559, or in round numbers let us say by 10,000. This, then, is the utmost that protection can be claimed to have done for Victoria, that 10,000 of its inhabitants are by it employed in factories, and we will even assume that these workers are not drawn from other industries, that without protection they would have no employment whatever. What, then, is the cost of finding them this employment? Clearly at least the amount of £6,114,928 which we found to be the direct cost of protection. Divided by 10,000, the number of workers employed by protection, this would give the annual cost of every such operative, male and female, man and boy, to be £611 9s. 9d. Let us now assume that each of these operatives receives on an average £80 a year in wages, which, as boys and females form at least one half of their number, is an evident overstatement, that would give £800,000 a year for all of them. We then arrived at this result. In order that 10,000 of their number shall earn, with their labour, £800,000, the inhabitants of Victoria, mostly workingmen, themselves pay the wages of these people, and make a present besides to a few importers, manufacturers, and other wealthy men, of £5,314,928 year after year. This sum is divided as follows: £2,879,830 they pay to the state in order to save the wealthy the duty of paying it; £700,000 and the labour of 10,000 of their number they give to a few manufacturers; and £1,735,000 they are good enough to put into the pockets of some importers and retailers. These sums the workers lose every year, and the worst of it is, the recipients of them do not benefit much by them. For as I have already explained, the manufacturer receives his share to make good the losses in naturally unprofitable industries, and the importers and dealers would be just as well off if the lower prices which the removal of duties would enable them to charge would bring about a greater consumption of the commodities in which they deal, as it undoubtedly would. The only gainers are the classes who are freed from taxation because the working classes offer their backs for the burden. To assume that these 10,000 people would be doing nothing but for protection is, however, absurd. There are thousands of men now engaged in factory work who can readily turn their hands to other occupations, such as builders, carpenters, farmers and miners. Remove protective duties, and these many other occupations will become more profitable, and more men will find employment in them; leave to labour the (at least) five millions of which labour is yearly deprived by protective

duties, and these men would find ample employment in trades in which their labour would be productive of wealth. At present it produces nothing ; the wealth of the country is not increased by the result of their work, it costs infinitely more than its value amounts to.

Before concluding this essay, I must draw attention to what is perhaps the most serious calamity which protection has brought upon Victoria. This is the excessive indebtedness of the colony, an indebtedness consisting of loans contracted not only by Government and public bodies, but by private individuals as well, and including Victorian properties owned or mortgaged to others outside Victoria. I am justified in including all these, because their economic effect is the same, they all cause interest or rents to be sent out of the colony without any return. The measure of this indebtedness is the excess of all our imports over all our exports, plus the interest, which out of our exports we have to pay on the debt which at any time may be owing.

An inquiry at the Sydney and Melbourne Customs Houses elicited from both the reply, that in the absence of advalorem duties, merchants considerably overdeclare the value of their imports as well as that of their exports, in order to swell their returns, and that this overdeclaration in imports is about equal to the cost of transport from Europe. Since the adoption of advalorem duties by Victoria, the merchants have ceased to make this addition, and the Customs House itself adds ten per cent. to the invoice value of all goods. The cost of transport, however, was, and still is, much more than ten per cent. of the cost of goods. It is made up of buying commissions, casing, freight from factory to port of shipment, port and harbour dues, interest during voyage, insurance, and finally ocean freight. While all other expenses enumerated may be computed to average eight per cent. on all classes of goods, freight even on the most valuable goods amounts to not less than from three to five per cent., while on very bulky goods it amounts up to fifty per cent. and even much more. It may therefore be fairly assumed that the average cost of landing goods from over sea, is not less than twenty per cent. In addition to the increase of ten per cent. already made in the Customs House valuations, another nine per cent. must therefore be added to cover this cost.

In the figures which appear in appendixes D. and E., I have adopted this course, and have calculated interest at five per cent. ; as a considerable part of the privately borrowed wealth has been invested in land, the value and rent of which is constantly rising, this is by no means an over-valuation, and may even serve as an offset against any return in imports for Victorian capital invested in other colonies. As I have also abstained from any deduction for over-valuation of our exports, and have left out of account the reduction of effective exports through rents due to absentee landlords, who acquired their properties while they formed part of the working population of the colony, my estimate of our indebtedness may err on the score of under-valuation, but cannot be accused of over-stating the case. The following is a generalisation of the results at which I arrive, and which can be verified by consulting appendixes D. and E.

From 1837 to 1865 inclusive, Victoria borrowed the insignificant sum of £23,117,888. From 1866 to 1889 inclusive, she borrowed the enormous sum of £112,062,195. During this same period New South Wales borrowed £43,041,214 or £69,020,981 less than Victoria. The free-trade colony has steadily increased her exports, while ours has steadily declined until in 1889 they were only about half of those of the sister colony, and the latter has increased her imports concurrently with ours. It is therefore obvious that the reason for the enormous difference of their relative indebtedness is the baneful influence of protection on the natural and unprotected industries of the country. New South Wales has been able to exchange, we have had to borrow. During the greater part of this period New South Wales maintained nearly as large a population as ours, in greater comfort than ours, as vital statistics prove; had up to 1888 more railways open for traffic than ourselves, and found employment for two hundred thousand more people than ourselves. It follows, therefore, that in spite of all our advantages of soil and climate, the industries of New South Wales are vastly more productive of wealth than ours, that while the wealth borrowed by us is largely either wasted or invested to small or no advantage, the wealth borrowed and created by New South Wales is constantly increasing her productiveness; thus confirming the result at which we arrived from theory, and from the consideration of facts unconnected with those which I am elucidating now.

The gravity of the results produced by this difference in the productive power of the industries of the two colonies may be seen from this fact, that while in 1889 the imports of Victoria were £24,402,766, and those of New South Wales £22,046,233 or under £2,000,000 less, New South Wales increased her indebtedness by only £3,364,198, while the enormous sum of £19,836,296 was added to the indebtedness of Victoria. The reason for this difference is to be found, first, in the paucity of our exports, being less than those of New South Wales by £10,519,417, and secondly, in the deduction which must be made from the exports of either colony, for the payment of interest on previously contracted debts. Calculated at five per cent., the interest due on our total indebtedness amounts to £6,963,837, of which our borrowings in 1889 are responsible for nearly £1,000,000. Every year adds to this indebtedness, increases the part of our exports for which we receive no return, because they are required for the payment of interest, and our exports are already insufficient to meet interest charges. The explanation for this apparent anomaly is, that almost one half of our exports are goods imported from foreign countries and re-exported, and therefore not available for the payment of interest. The table below does not include mere transshipments:—

Goods Imported and Included in Exports.				1889.	Total Exports.
Wool	..	..	..	£ 3,595,449	.. £ 12,734,734
Gold and Silver	..	..	..	731,871	
Produce of United Kingdom	..	..	..	1,262,149	
Produce of Foreign Countries	..	..	..	609,917	.. 6,199,386
Exports available for payment of interest				..	£6,535,348

The average addition to our indebtedness for the five years previous to and including 1889, had been £13,692,790 a year, and the addition to the interest charge £684,654 a year. How long, I ask, will we be able to stand this strain? The crisis in the condition of Victoria, which this combination of protection and excessive borrowing foreshadows, is sufficiently near at hand and sufficiently grave to make a reconsideration of our fiscal policy an absolute necessity.

In conclusion I wish to guard myself against the accusation that I hold free-trade to be an ultimate solution of pending questions in the field of economic legislation. All I claim to have proved in these pages is, that protection obstructs the production of wealth, and alters the distribution of wealth unfavourably to the interests of the working classes; that free-trade enables a people to largely increase the production of wealth, and through the greater demand for labour, to secure to the working classes a greater share of that wealth, for a time at least, and that this tendency is increased through the greater purchasing power of wages. That this distribution will again alter, that after a time the wages of labour will again fall, I fully recognise, and must be recognised by all who perceive that no increase in the production of wealth has been able to permanently raise the wages of labour. Free-trade could not so largely increase the production of wealth as has been done by the inventions and discoveries of the present century; yet labour has not been able to secure any great share of that increase. But a system of free-trade, the removal of the veil which hides from workers the fact that they pay the bulk of all taxes, will teach workers the true theory of taxation, will cause them to place taxation where it belongs, on the rental value of land, on the value, which is not created by any one individual, but by the community as a whole, and which therefore belongs to the community. Such a removal of taxation from the creative to the appropriative factor in the production of wealth, will make permanent and extend the more equitable distribution of wealth, which a system of free-trade would originate.



Appendices.

APPENDIX A.

WAGES IN VICTORIA.

TRADES.		1878		1888		Increase.	Decrease.
		£ s. d.	to £ s. d.	£ s. d.	to £ s. d.		
Printers	per 1000	0 1 0	—	0 1 1	—	+	—
Watchmakers	" week	2 10 0	5 0 0	3 0 0	4 0 0	+	—
Man'ing Jewellers,	" "	2 15 0	3 15 0	2 15 0	4 0 0	+	—
Enamellers	" "	6 0 0	8 0 0	3 0 0	4 0 0	+	—
In Metals.							
Blacksmiths	" day	0 10 0	0 13 0	0 10 0	0 14 0	+	—
Farriers' Firemen	" week	2 15 0	—	2 10 0	—	+	—
" Floormen	" "	1 10 0	2 0 0	1 15 0	2 0 0	+	—
Metal Fitters	" day	0 9 0	0 12 0	0 9 0	0 13 0	+	—
Boiler Makers	" "	0 12 0	0 13 0	0 10 0	0 14 0	+	—
Riveters	" "	0 9 0	0 11 0	0 10 0	0 11 0	+	—
Moulders	" "	0 10 0	0 13 0	0 8 0	0 12 0	—	—
Brass Finishers	" "	0 9 0	0 12 0	0 8 0	0 11 0	—	—
Iron Workers	" week	2 10 0	3 0 0	2 2 0	3 0 0	—	—
Galvanizers	" "	3 0 0	—	2 10 0	3 0 0	—	—
In Carriages & Harness.							
Smiths	per week	2 10 0	3 15 0	2 10 0	4 0 0	+	—
Bodymakers	" "	2 10 0	3 10 0	2 10 0	4 0 0	+	—
Wheelers	" "	2 10 0	3 10 0	2 10 0	3 0 0	—	—
Painters	" day	0 9 0	0 12 0	0 8 0	0 11 0	—	—
Saddlers	" week	2 15 0	—	2 0 0	3 0 0	—	—
In Houses & Buildings.							
Plasterers	per day	0 10 0	—	0 10 0	0 11 0	+	—
Bricklayers	" "	0 10 0	—	0 10 0	0 11 0	+	—
Slaters	" "	0 10 0	—	0 10 0	0 11 0	+	—
Labourers	" "	0 6 6	0 7 0	0 7 6	0 8 6	+	—
In Furniture.							
Cabinet Makers	per week	2 10 0	3 10 0	2 0 0	3 0 0	—	—
Upholsterers	" "	2 10 0	4 0 0	2 5 0	3 0 0	—	—
Coopers	" day	0 10 0	—	0 9 0	0 10 0	—	—
In Dress.							
Tailors	per hour	0 0 10	0 1 0	0 0 10	—	—	—
" "	" week	2 10 0	3 10 0	2 10 0	3 0 0	—	—
" in factories	" "	2 0 0	—	2 0 0	2 10 0	+	—
Mantle Makers	" "	0 15 0	1 0 0	0 12 0	1 5 0	—	—
Milliners 1st-class	" "	3 10 0	—	3 0 0	4 0 0	—	—
" 2nd "	" "	1 15 0	—	1 0 0	2 0 0	—	—
Dressmakers	" "	0 15 0	1 0 0	0 12 0	1 5 0	—	—
Needlewomen	" "	0 15 0	1 0 0	0 10 0	1 0 0	—	—
Machinists	" "	0 15 0	1 15 0	0 15 0	1 10 0	—	—
Hat Body Makers	" doz.	0 12 0	1 0 0	0 12 0	1 2 0	+	—
Hat Trimmers	" "	0 6 0	—	0 6 0	0 9 0	+	—
Shirtmakers in fact'ies w'k	" "	0 12 0	1 0 0	0 12 0	1 5 0	+	—
Machinists	" "	0 15 0	1 10 0	1 0 0	1 15 0	+	—
In Animal Substances.							
Tanners	per week	1 18 0	2 5 0	1 18 0	2 0 0	—	—
Reamsmen	" "	2 0 0	2 10 0	1 18 0	2 5 0	—	—
Shedsmen	" "	2 2 0	2 5 0	1 18 0	2 10 0	—	—
In Stone & Clay.							
Navvies	per day	0 6 6	—	0 6 6	0 7 6	+	—
Labourers	" "	0 6 0	0 7 0	0 6 6	0 7 6	+	—

APPENDIX A (Continued).

WAGES IN VICTORIA.

TRADES.	1878	1888	Increase.	Decrease.
In Mines.	£ s. d. to £. s. d.	£ s. d. to £ s. d.		
Engineers per week	2 5 0,, 6 0 0	2 0 0,, 5 0 0		—
Blacksmiths " "	2 0 0,, 4 0 0	1 15 0,, 3 0 0		—
Foremen of drift " "	2 2 0,, 4 0 0	2 0 0,, 3 0 0		—
Miners " "	2 5 0,, 2 10 0	2 0 0,, 2 10 0		—
Surface Men " "	2 0 0,, —	1 10 0,, 2 10 0		—
Boys " "	0 10 0,, 2 0 0	0 15 0,, 1 16 0		—
Farm Servants.				
Ploughmen fnd per week	1 0 0,, 1 1 0	1 0 0,, 1 5 0	+	
Milkmen " " "	0 15 0,, 0 18 0	0 15 0,, 1 0 0	+	
Reapers " " acre	0 7 6,, 0 15 0	0 10 0,, 0 15 0	+	
Mowers " " "	0 6 0,, —	0 4 0,, 0 6 0		—
Cooks " " year	40 0 0,, 50 0 0	50 0 0,, 60 0 0	+	
Married Couples,, " "	60 0 0,, 80 0 0	70 0 0,, 90 0 0	+	
Station Servants.				
Boundary R's fnd,, " "	40 0 0,, 50 0 0	40 0 0,, 60 0 0	+	
Shepherds " " "	40 0 0,, 50 0 0	36 0 0,, 52 0 0		—
Stockmen " " "	40 0 0,, 50 0 0	50 0 0,, 75 0 0	+	
Hutkeepers " " "	26 0 0,, —	30 0 0,, 40 0 0	+	
Male Cooks " " "	40 0 0,, 50 0 0	50 0 0,, 60 0 0	+	
Sheep Washers " " week	0 15 0,, 1 2 0	0 15 0,, 1 5 0	+	
Shearers " " 100	0 15 0,, 1 0 0	0 15 0,, 0 16 0		—

APPENDIX B.
WAGES IN VICTORIA AND NEW SOUTH WALES IN 1888.

TRADES.		New South Wales.		Victoria.		Plus in Victoria.	Minus in Victoria.
		£ s. d. to	£ s. d.	£ s. d. to	£ s. d.		
Iron Moulders	per day	0 8 0	0 11 0	0 8 0	0 12 0	+	
Boiler Makers	" "	0 8 0	0 11 0	0 10 0	0 14 0	+	
Iron Turners	" "	0 8 0	0 11 0	0 10 0	0 13 0	+	
Blacksmiths	" "	0 9 4	0 10 0	0 10 0	0 14 0	+	
Brass Finishers	" "	0 8 0	0 11 0	0 8 0	0 11 0		
Coppersmiths	" "	0 8 0	0 11 0	0 8 0	0 11 0		
Stone Masons	" "	0 10 0	0 11 0	0 10 0	0 11 0		
Bricklayers	" "	0 10 0	0 11 0	0 10 0	0 11 0		
Plasterers	" "	0 11 0	—	0 10 0	0 11 0		
Carpenters	" "	0 10 0	0 11 0	0 10 0	—		—
Printers	" "	0 9 0	—	0 8 0	0 10 0		—
Plumbers	" "	0 9 0	0 12 0	0 11 0	—	+	—
Slaters	" "	0 10 0	0 12 0	0 10 0	0 11 0		—
Coach Painters	" "	0 6 8	0 11 0	0 8 0	0 11 0	+	—
Tailors	per week	2 10 0	3 0 0	2 0 0	3 0 0		—
Pressers	" "	2 10 0	3 0 0	2 0 0	2 15 0		—
Upholsterers	per day	0 10 0	0 12 0	0 8 0	0 11 0		—
Cabinetmakers	" "	0 8 0	0 10 0	0 7 0	0 11 0		—
Polishers	" "	0 8 0	0 10 0	0 7 0	0 11 0		—
Miners	" "	0 8 0	0 12 0	0 7 0	0 9 0		—
Quarrymen	" "	0 7 0	0 10 0	0 8 0	0 12 0		—
Navvies	" "	0 6 6	0 8 0	0 6 6	0 7 6	+	—
Miners	per week	3 0 0	—	2 5 0	2 10 0		—
M'r'd Complex found year		65 0 0	80 0 0	70 0 0	90 0 0	+	—
Farm Laborers	" "	40 0 0	52 0 0	39 0 0	52 0 0		—
Boundary Riders	" "	40 0 0	52 0 0	40 0 0	60 0 0	+	—
Stockmen	" "	40 0 0	75 0 0	50 0 0	75 0 0	+	—
Shepherds	" "	35 0 0	45 0 0	30 0 0	40 0 0		—
Shearers	found per 100	1 0 0	—	0 15 0	0 16 0		—

APPENDIX C.

COMPARISON OF PRICES IN SYDNEY AND MELBOURNE, 1890.

ARTICLES.	Duty.	Sydney.	Melbourne.
	£	£ s. d.	£ s. d.
Hölling & Spang'b'g's Piano	5	22 5 0	39 0 0
Rösener medium size "	5	31 10 0	40 0 0
Chewechten "	5	55 10 0	65 0 0
Cheap Cottage Harmonium	3	6 10 0	10 10 0
Medium American Organ	3	21 10 0	27 10 0
Philipps Bedstead <i>a</i>	38½%	3 2 6	4 5 0
" <i>b</i>	38½%	1 0 9	1 6 6
Bismark Lamps		0 2 3	0 3 6
Austrian Chairs No. 14	38½%	0 4 6	0 6 6
Amer. Chair Astor or Grec'n	38½%	0 3 9	0 5 6
5-frame Brussels Carpet	22%	0 3 3	0 5 9
Lambs' Wool Shirts for men	38½%	0 5 3	0 7 0
Dr. Jaeger's Sanitary Vests	38½%	0 10 3	0 14 0
Cardigan Jackets	38½%	0 4 0	0 5 6
1½ inch Wire Nails Cwt.	5s	0 15 0	1 1 0
Picks D.E. Road	38½%	0 2 6	0 3 4
Ploughs Brighton Favourite		4 5 0	5 0 0
" Farmer's Pride		7 0 0	8 0 0
Eckhart's Plough		11 5 0	13 0 0
Solid Comfort D'ble Furrow		18 10 0	21 0 0
Harrows Randall Steel Disc	No. 6	7 0 0	8 0 0
" " " "	No. 7	8 12 6	10 0 0
Cult'rs Coleman & Morton's	No. 5	10 10 0	12 0 0
Hayrakes Hollingsworth		10 10 0	12 0 0
" Ransome's Star		14 10 0	16 10 0
Mowers McCormick's Steel	Horse	16 0 0	18 10 0

APPENDIX D

INCREASE OF PUBLIC AND PRIVATE DEBT TO FOREIGN COUNTRIES IN NEW SOUTH WALES.

Year.	Imports.	Exports.	Excess of Im- ports over Exports.	Excess of Ex- ports over Imports.	Add 5 per cent. interest per annum to Excess of Imports over Exports.	Add 5 per cent. interest per annum to Excess of Exports over Imports.
1857	6,729,408	4,011,952	2,717,456		4,211,032	
1858	6,059,366	4,186,277	1,873,089		2,809,620	
1859	6,597,053	4,753,149	1,828,904		1,913,905	
1860	7,519,285	5,072,020	2,447,265		3,426,064	
1861	6,391,555	5,591,839	796,716		1,075,545	
1862	9,334,645	7,102,562	2,232,083		2,901,704	
1863	8,319,576	6,931,839	1,387,737		1,728,400	
1864	9,836,042	8,117,217	1,728,825		2,074,584	
1865	9,928,595	8,191,170	1,737,425		1,998,033	
1866	8,867,017	8,512,214	354,803		390,280	
1867	6,880,715	6,599,804	280,911		294,945	
1868	7,192,904	8,051,377		858,473		858,473
1869	9,933,442	8,392,753	1,540,689		1,463,646	
1870	7,990,038	7,757,281	232,757		227,466	
1871	11,245,032	9,609,508	1,635,524		1,390,192	
1872	10,447,049	9,208,496	1,238,553		1,070,832	
1873	9,387,873	10,471,483		1,083,610		812,700
1874	12,345,603	11,293,739	1,051,864		736,302	
1875	13,671,580	13,490,209	181,380		767,897	
1876	13,003,941	13,672,776		668,835		401,292
1877	14,606,594	12,925,819	1,680,775		924,418	
1878	14,768,873	12,965,879	1,802,994		901,497	
1879	14,198,847	13,086,819	1,112,028		500,499	
1880	13,950,075	15,525,138		1,575,063		630,024
1881	17,109,326	16,039,503	1,369,823		479,437	
1882	21,281,130	16,716,961	4,565,169		1,369,548	
1883	20,960,157	19,886,018	1,074,139		268,530	
1884	22,826,985	17,251,506	5,575,479		1,115,092	
1885	23,365,196	16,541,745	6,823,451		1,023,516	
1886	20,973,548	15,556,213	5,417,335		941,732	
1887	18,806,236	18,496,917	309,319		15,465	
1888	20,885,557	20,859,715	25,842			1,292
1889	22,546,233	23,254,151		707,918	2,650,866*	209,299
			53,017,335	4,893,899	38,670,047	2,913,080
			38,670,047	2,913,080		
			91,687,372	7,806,979		
			7,806,979			
Total debt incurred since '57			83,880,393			

INCREASE OF DEBT SINCE 1866.

	36,272,835 14,575,358	4,893,899 2,913,080	14,575,358†	2,913,080†
	50,848,193 7,806,979	7,806,979		
Total incise of debt since '66 £	43,041,214			

* Interest in 1889 on excess of previous years.

† Exclusive of interest on debts incurred previous to 1866.

DEBT OF VICTORIA TO FOREIGN COUNTRIES.

Year.	Imports.	Exports.	Excess of Imports over Exports, with addition to the former of 9 per cent. from 1866 inclusive.	Excess of Exports over Imports, with addition to the latter of 9 per cent. from 1866 inclusive.	Add 5 per ct. interest per annum on Excess of Imports over Exports.	Add 5 per ct. interest per annum on Excess of Exports over Imports.
1837	115,379	12,178	103,201		363,160	
1838	73,230	27,998	45,232		115,800	
1839	204,722	77,684	127,038		311,119	
1840	435,367	128,860	306,507		736,400	
1841	364,399	200,305	164,094		365,588	
1842	277,427	198,783	78,644		180,872	
1843	188,036	254,482		66,446		149,490
1844	151,062	256,847		105,785		232,716
1845	248,293	463,597		215,304		162,895
1846	315,561	425,201		109,640		230,244
1847	437,696	668,511		220,815		152,610
1848	373,676	675,359		301,683		603,360
1849	479,831	755,326		275,494		537,186
1850	744,925	1,041,796		296,871		564,034
1851	1,056,437	1,422,939		366,472		677,951
1852	4,069,742	7,454,549		3,381,807		6,087,240
1853	15,842,637	11,061,514	4,781,093		8,366,890	
1854	17,659,051	11,775,204	5,883,847		10,002,528	
1855	12,007,939	13,493,338		1,485,399		2,450,877
1856	14,962,269	15,489,760		527,491		843,968
1857	17,256,209	15,070,512	2,176,697		3,373,854	
1858	15,108,249	13,989,209	1,119,040		1,678,560	
1859	15,622,891	13,867,859	1,755,032		2,514,808	
1860	15,093,730	12,962,704	2,131,026		2,983,528	
1861	13,532,452	13,828,606		296,154		399,789
1862	13,487,787	13,039,422	448,365		582,868	
1863	14,118,727	13,566,296	552,431		690,525	
1864	14,974,815	13,898,384	1,076,431		1,292,704	
1865	13,257,537	13,850,748	106,789		123,782	
1866	14,771,711	12,889,546	3,221,618		3,543,760	
1867	11,674,080	12,724,427	320		336	
1868	13,320,562	15,593,990		1,074,469		1,074,469
1869	13,908,990	13,464,354	1,696,445		1,611,618	
1870	12,455,758	12,470,014	1,106,762		996,084	
1871	12,311,995	14,557,820		1,105,056		939,284
1872	13,691,322	13,871,195	1,052,345		841,792	
1873	16,533,856	15,302,454	2,719,449		2,039,580	
1874	16,953,985	15,441,109	3,038,734		2,127,834	
1875	16,685,874	44,766,974	3,420,638		2,223,403	
1876	15,705,551	14,196,487	2,922,442		1,755,464	
1877	16,362,304	15,157,687	2,677,231		1,472,471	
1878	16,161,880	14,925,707	2,691,342		1,345,670	
1879	15,035,538	12,454,170	3,934,466		1,770,507	
1880	14,556,894	15,954,559		87,545		35,016
1881	16,718,521	16,252,103	1,871,084		654,878	
1882	18,748,081	16,193,579	4,241,829		1,272,546	
1883	17,743,846	16,398,863	2,911,229		735,395	
1884	19,201,633	16,050,465	4,879,314		995,850	
1885	18,044,604	15,551,758	4,117,360		617,589	
1886	18,530,575	11,795,321	8,203,005		824,300	
1887	19,022,151	11,351,145	8,382,999		419,149	
1888	23,972,134	13,853,763	12,275,863		613,793	
1889	24,402,760	12,734,734	13,964,274		4,812,547*	495,821*
			110,215,229	9,916,427	64,383,416	16,316,980

* Interest for 1889 on Excess of previous years.

APPENDIX E (*Continued*).

DEBT OF VICTORIA TO FOREIGN COUNTRIES.

	Excess of Imports over Exports, with addition to the former of 9 per cent. from 1866 inclusive.	Excess of Exports over Imports, with addition to the latter of 9 per cent. from 1866 inclusive.	Add 5 per cent. Interest per an. to Excess of Imports over Exports.	Add 5 per cent. Interest per an. to Excess of Exports over Imports.
	110,215,229 64,383,416	9,916,427 16,316,980	64,383,416	16,316,980
	174,598,645 26,263,407	26,263,407		
Total Debt £	148,335,238			

INCREASE OF DEBT SINCE 1866 INCLUSIVE.

	89,358,752 27,121,709	2,267,070 2,151,196	27,121,709†	2,151,196†
	116,480,461 4,418,266	4,418,266		
Total Increase £	112,062,195			

† Exclusive of interest on excess of years previous to 1866.

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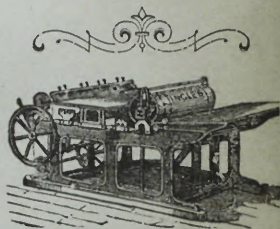
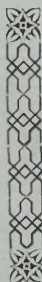
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